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COMMERCIAL AND FINANCIAL AGENCIES OF PAN-AMERICAN UNION¹

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I FEEL very deeply on the question of the drawing together of the Americas. Perhaps because I lived ten years of my life in Latin America and learned sincerely to love that section of the world, or perhaps because I was charmed with the exquisite music of the Spanish language, or that I count my friends from Chili, Argentina and Brazil up to Mexico; perhaps for any or all of these reasons I rather exaggerate the importance of the drawing together of the two Americas, but it is to me an exceedingly important question.

Sometimes when I lived in Latin America I used to writhe, because I thought our country had approached so blunderingly some of the questions which arose. I fancied I was in the position of a man who could not see the forest for the trees; but since I have left Latin America I have gotten my perspective, and I think I was right to the extent that we have made many unfortunate mistakes in our dealings, both commercial and diplomatic, with Latin America.

I should like in passing to say a word concerning the character of our citizens in Latin America. I have American friends in the colonies of the principal cities of every one of those countries. I have lived in the American colony in Mexico City. I have visited in the American colonies of Rio de Janeiro, Santiago, Valparaiso, Buenos Aires and Lima, and I have never found a finer body of Americans than are today living and representing us in South America, Central America and Mexico. I know that every one of my friends was traveling under his own name while living in those parts; I know

¹ Address delivered at the National Conference on Foreign Relations of the United States, held under the auspices of the Academy of Political Science, at Long Beach, N. Y., May 30, 1917.

that every one was a loyal, good American, and I am sure I am proud of every one of them. These are the men who are doing more today than our diplomats in bringing the two Americas together. Let us honor them.

The drawing together of the Americas has been a subject of particular interest in the business and political circles of our country for the past three years. In 1914 the shock of the Great War threw our South American neighbors into a closer relationship with us than had years of oratory and treaty making. This world conflict rudely snapped commercial, political and intellectual ties which had been centuries in the making. It literally tore South America away from Europe. Not until this upheaval did even the well informed of the northern continent realize how little we counted with the South Americans, how completely they were dominated in the intellectual, political and commercial fields by the Europeans.

But the war did more. It awakened many American business men whose interest heretofore had been bounded by the demarcations of their particular districts or states, to an almost romantic interest in South America. Here was a land of promise; here lived 80,000,000 people able and eager to buy our products; here was an El Dorado which kind fortune had thrown into our lap. A certain few who knew deprecated this ultra-optimistic attitude. None better than they, who for years had been skillfully, scientifically and conservatively developing this field, knew of its importance; but they suffered none of the illusions of the uninformed, the consequences of which for a time threatened to endanger these very ties of close political and commercial relationship for which the newly interested were shouting vociferously.

This unpreparedness on the part of the ignorantly well-intentioned for a time caused a reaction. They complained that they had been deceived, that the market was non-existent or that its possibilities had been grossly exaggerated, that Pan-Americanism was a myth, and that a community of interests and a real spirit of fraternity with our southern neighbors was the dream of a doctrinaire. To this unfortunate element was added another one, happily small; a few unscrupulous men

deliberately took advantage of South America's needs to send inferior goods to that market. This time the wail came from the other side, fostered by our European trade rivals, who for years have lost no opportunity, through subtle publicity campaigns, to misrepresent the American business man, his methods, his ideals and his country, to the South Americans.

Time has practically eliminated the unscrupulous; the unknowing well-intentioned have learned, are learning, or have dropped out. What concerns us now in this question of the drawing together of the Americas so far as commercial and financial facilities are concerned is, shall we be able to hold what we have gained by the accident of the Great War? What is the South American market? How are we regarded as a people and nation by our southern neighbors, and what effect have these opinions had on our commercial and financial relationships in the past and how vital are they to the future? What are our European rivals doing to offset what we have won? Has our diplomacy helped or hindered?

It is of vital importance that we know the truth about the South Americans and that they really know us before there can be any real drawing together, either political, economic or intellectual. How divergent are the views may be indicated by the recent utterances of a professor of economics at Cornell University and those of a widely known advocate of Pan-Americanism. The former said:

In trying to develop trade with the South American countries we are "barking up the wrong tree." We have been led by the lure of Pan-Americanism, which like the Monroe Doctrine, is a devitalized formula. The term pan-Americanism has bemused us; we have been attracted by the word America just as we were fascinated by the word republic when used to designate the military autocracies to the south of us.

Any ground we have gained during the war cannot be held permanently; the reason why formerly we have not sold our products in South America being exactly the reason why in the future we shall fail to do so: we do not produce the things that the South Americans want and we do not want the things they produce. The things that we want to buy, Europe, not South America, is willing to sell; what

we want to sell, Europe, not South America is able to buy. The exports of South America, like our own exports, rightly go across the Atlantic to Europe. Therefore, South America is our competitor, not our customer.

I am not sure that the writer has been quoted accurately, as I took his statements from a published magazine article, but I am sure that what he is reputed to have said is as wide of the mark as the most visionary dream of any uninformed manufacturer.

His is one side of a picture. Listen to the Pan-American:

South America with its eighty millions awaits the enterprise of the American manufacturer and merchant. The day is coming when the ships of the countries of both continents will make the north and south ocean routes as busy and as important as the trans-Atlantic lanes of today. A market, the immensity of which is not yet realized by the American business man, is within his grasp. Will he take advantage of this unparalleled opportunity?

Somewhere between this statement and the other lies the truth, and it might be said in passing that this point is not near either extreme. Population is not a safe guide when estimating the potential markets of South America. It is incorrect to classify the South Americans as our competitors, and it is no less inaccurate to maintain that we have not for sale what the South American wishes to buy, or that he does not produce what we purchase. The diagnosis of the professor is wrong. Such ills as affect North and South American relationships have been in the past and are today psychological rather than economic.

The last report of William Henry Robertson, consul general at Buenos Aires, informs us that for the first time in history the United States in 1916 became Argentina's chief supplier of merchandise, a place held previously by Great Britain, with Germany second. At the same time the Bureau of Foreign and Domestic Commerce announces that our trade with Latin America has reached an average of \$170,000 a day. While it is true that a large part of this enormous growth in trade is due to the accident of war, and that it will continue

to increase during the struggle, and for a very considerable time after its termination, it is not true, it seems to me, that the proclamation of peace will witness any great turning of the South Americans to their old mother, Europe, provided we in the United States handle the situation understandingly, which in this case means sympathetically. We have the goods, we are rapidly and admirably creating the facilities both in the matter of banking and transportation. What is wanting is a fundamental understanding of each other on the part of the two peoples. We must know their history, ideals and aspirations. I mean the clash of Latin and Anglo-Saxon ideals, for of course there are many peoples in Latin America. Only with this comprehensive understanding of the market shall we hold and enlarge our present position of commercial supremacy, and what should be its corollary, sincere friendship. They must unlearn their conception of the Yankee. The latter is fully as important as the former to us in this question of the drawing together of the Americas.

We have had years of banqueting and love feasts. They have served their purpose in a measure, have done some good; but to make this sort of thing the principal effort in our future endeavors to draw together the Americas, will be positively dangerous, not only commercially but politically. This was forcibly brought to my attention during a recent journey which carried me through the principal countries of South America. While in Buenos Aires I talked with a brilliant young journalist who knows us thoroughly, having taken a degree in one of our universities here. The conversation drifted, as it always does on such occasions, to Pan-Americanism. My companion was somewhat cynical, though disposed to be decidedly friendly. Finally he said, "What is the equivalent in Spanish for 'bunk'?" Somewhat startled I answered that I knew of no such word. "Well," he replied smilingly, "we shall have to coin one down here unless Pan-Americanism is going to mean more than banquets and oratory."

When I crossed the Andes into Chile, I sought to draw out my new-found acquaintances there to ascertain if there was any necessity on that side for the minting of a new word. Behind

the barrier of the exquisite music and courtesy of the Spanish language, I thought at times I could discern something of this longing for a Spanish equivalent for our inelegant, though expressive word. Likewise in Peru I found that many of the banquet flowers, oratorical and otherwise, were beginning to pall. Therefore I say I believe the time for talking has passed; we must be doing.

What can we do? First we must combat the campaign of our trade rivals who for years have persistently sought to discredit the Yankee (we are so known everywhere in South America). Our first great work is to convince the South Americans that we have no imperialistic designs. This task is perhaps greater than you realize.

While the well-informed among the South Americans comprehend our real intentions, even in them there lurks the germ of suspicion which becomes active on every possible occasion. This is due to our acts in the past and to the persistent propaganda work which the Germans in particular, and our other European trade rivals in general, have for years kept up in the newspapers and magazines of those regions. They have kept the spectre of possible Yankee domination and alleged imperialistic designs constantly dangling before the eyes of the South Americans.

No matter how reassuring our words may be today, it is only fair to the Latin Americans to admit that our acts in the past have been otherwise. Examine them even cursorily, and it will be seen that from the day when we acquired Louisiana in 1813, after Aaron Burr and others had decided to take it in the event of Napoleon or Spain refusing to sell, to the present year of our acquisition of the Danish West Indies, our record has been one of consistent expansion. In the intervening hundred years we purchased Florida after secretly occupying the territory with our military forces; allowed Texas to annex herself to us; took by conquest the immense territory then known as California; advocated the annexation of Cuba during the administration of President Johnson, in the name of the laws of political gravitation which threw small states into the orbit of the great powers; demanded the seizure of Santo Domingo, as

a measure of national protection, during the term of President Grant; enunciated the principle of the sovereignty of the United States in the western hemisphere during the tenure of Secretary of State Olney, when a break threatened between England and Venezuela; annexed Porto Rico; seized the Philippine Islands, Guam and one of the Marianne Islands; and acquired the canal zone. All of this great territory is Latin in language, religion and tradition. Is the record on its face imperialistic or anti-imperialistic?

Our European rivals have utilized to the full this ammunition and are continuing to do so. When I was in Rio de Janeiro during September of last year I read an article several columns in length on the editorial page of the *Jornal do Commercio*, the leading periodical in Brazil and one of the most influential newspapers in South America. It treated of the Monroe Doctrine, attributing that instrument to the English statesman Canning, and pointing out that in its present shape the historic document was the false and distorted product of North American jingoism. The article cited a dinner given by Secretary of State Seward, in which the Secretary was made to say in an after-dinner speech that the South American continent was shaped like a ham, which reminded him that Uncle Sam was fond of pork. The hand of the foreigner was so plain in this that its authorship could almost be fixed.

For years scores of stories of this character, and others attacking the integrity of the American business man and the ideals of his government, have continuously appeared in the press of the different countries of South America, until the man on the street couples everything Yankee with selfishness, sordidness and dollar chasing. Our only virtue in the eyes of the average untraveled South American is that of bigness. *El Coloso del Norte* they call us, and that generates fear, as well as admiration.

Our first great work in the drawing together of the Americas should be to erase this European-painted picture, and, through proper and persistent publicity, indelibly stamp the truth. This work should be undertaken on a large scale, should receive the moral, and, perhaps the material, support of our

government, should be fostered by our great industrial organizations, and should in part be carried on under the auspices of such institutions as the General Educational Board or the Rockefeller or Sage Foundations.

It has many angles and must extend over a period of years. Not only must an intelligent and comprehensive press campaign be conducted by those fitted with a knowledge of the language and the psychology of the Latin, but greatly enlarged arrangements should be made for the encouragement of the attendance of South American youths at our universities, colleges, schools of commerce and engineering, through the offering of scholarships and otherwise. This feature seems to me of supreme importance. In clubs or on railway trains and aboard steamers during my recent trip through South America, I frequently met men who had attended our schools here, and I always found them champions of the United States. To the father, the outside world revolved about Paris in most cases, though London sometimes was the font of culture and worthwhile things; but the son who had received his education in the great republic of the West was in every case a Yankee missionary, a priceless publicity agent. Illustrated lecture tours by those who really know both peoples and languages will help in this publicity work, as will also the business agent who represents us in the field.

This effort is necessary for the real and lasting drawing together of the Americas, but before the ground can be so prepared we must have the men to do the work. Some splendid and praiseworthy pioneering has already been done by our great industrial and banking organizations, notably the National City Bank; but up to a short time ago even that institution was encountering great difficulty in securing properly qualified men to carry on the American campaign comprehensively, though it is systematically educating them now as rapidly as possible. I visited the branches of this bank in Bahia, Rio de Janeiro, Montevideo, Buenos Aires and Valparaiso, and in each place I found Germans or Englishmen in charge or occupying positions of large responsibility—not the

most desirable men for the drawing together of the Americas from the standpoint of the United States.

Up to a comparatively short time ago many American houses were selling goods in South America through English and German agents. If we are to hold the field we must have properly trained American representatives on the spot. We cannot continue to employ trade rivals and permanently win either friendship or markets. Before we can properly export goods we must export properly trained men. It is not enough that the men who are to conduct this work, either from the actual business end, or from the publicity angle, should know Spanish or Portuguese, they must know the people and the "whys" of the people. It is quite true that there is nothing mysterious about South American trade. The same business principles apply there as in other parts of the world. The old cry against the Americans about poor packing and arbitrary credit arrangements has lost reason during the past two years. In these particulars we are today equal to Europe or ahead of her. The method of getting and holding business, however, requires the most esoteric knowledge. The psychology of the Latin is not that of the Anglo-Saxon, and without a knowledge of the springs of character it is impossible to fathom motives, forecast actions or permanently maintain close relationships.

The Latin American is the offspring of the Spaniard of the heroic type, or the meditative Portuguese who once dominated this earth. It is impossible to understand him or explain his character unless we go far back into the days of Spain and Portugal and follow the molding influences of a colonial régime marked by tyranny, jealous exclusiveness and fanaticism. Today, says Garcia Calderon, despite the invasion of cosmopolitanism, the old life persists in cities as important as Lima, Bogota, Quito and many others.

The same little anxieties trouble mankind, which no longer has the haughty moral rigidity of the old hidalgos. Belief, conversation, intolerance—all retain the imprint of the narrow mold impressed upon them by three centuries of the proudly exclusive spirit of Spain and Portugal. The old life, silent and monotonous, still flows past the ancient landmarks.

When it is realized that individualism is the basic note of Spanish psychology, an Iberian characteristic which has all the force of an imperious atavism; that the present-day Latin American is the product of that fierce strain of religious fanaticism which the Moors brought into Spain, and the assertive love of self-government expressed in the charter of León in the year 1020, antedating the Magna Charta wrested from King John, thus making liberty and democracy of more ancient date in Spain than in England, our American business man will be more tolerant in his judgment. Let us have our young men preparing for this South American trade study Spanish and Portuguese by all means, but let them not neglect the peculiarities which constitute the genius of the Latin Americans. A study of the meaning of the lives of such men as Bolívar, San Martín, Francisco de Miranda, Páez, Balmaceda, Santa Cruz and others will prove a real business asset and an invaluable aid in the work of the drawing together of the Americas. In this connection it might be practical to suggest to educators the compilation of such a book of biographies for the use of students in the Spanish classes of our high schools, universities and colleges of commerce.

There is another weak link in the chain we must forge for the drawing together of the Americans. I refer to the lack of direct telegraphic facilities with a very large section of South America. At the present time a message destined for any point on the east coast north of Buenos Aires must be sent via London or down the west coast via Colon to Valparaíso, then overland across the Andes to Buenos Aires, where it is relayed over a British line to destination. The situation in Brazil is such that our American ambassador cannot communicate with his government except through the use of lines owned and operated by British companies. There is but one direct east-coast cable connecting North and South America, and that is owned by France, and has its terminal point at Para. Great Britain absolutely controls the situation in that a concession gives it the exclusive right until 1933 to connect any two points in Brazil by cable.

Thanks to the stimulus of the war we probably shall emerge from the struggle with a real merchant marine, despite the activity of the German submarine. General Goethals promises 3,000,000 tons of steel shipping in eighteen months; the shipping board speak of a thousand wooden vessels. However this may be, we must be of one opinion that the after-war struggle for foreign trade will be the sharpest and keenest the world has yet seen. With a thoroughly awakened England made efficient as never before, a Germany hungry for the trade she has lost, and a France sharpened by her recent great trials, we shall need all that we have of money, ships and brains.

Two markets exist in South America, one for goods, the other for capital. The first is limited. Although the continent has a population of 80,000,000, the Spanish heritage has left more than 60,000,000 of these in a primitive state which for years will exclude them as prospective customers. The others want and are willing and able to pay for the best; our merchants should thoroughly realize this. The second market is unlimited. Only those who have traveled throughout South America realize the stupendousness of the undeveloped material resources. Let it be said that though we have a knowledge ever so esoteric of the character of the Latin American, and though we gain his sincerest friendship, American capital will not flow plentifully southward unless assured of fair treatment. Our diplomats must be men trained broadly, our State Department must apply a sliding measuring rod to fit the psychology of each situation as it arises. We have been hearing a great deal lately about the opportunities for American trade in China, Russia, Australia and South Africa as well as in South America. We are told that to develop these opportunities is a national obligation and a patriotic duty. If American trade anywhere in the world is developed it will be due finally to individual effort. It will occur because individual Americans, operating alone or through private corporations, invest their capital in foreign parts, buy foreign securities, build warehouses, establish branch offices, send salesmen and resident agents. This is legitimate enterprise and the men who have the courage to initiate it must not be classed by the press of our

country or by our government as piratical gamblers engaged in exploiting foreign peoples; nor must they be told that they have taken long chances in the expectation of winning large profits, or that their motives are purely selfish and that they are therefore entitled to no consideration.

Will American trade in South America, or anywhere else, ever be developed except through the selfish desire of individuals to make a profit? How can American capital and enterprise in South America or in the United States of America construct railroads, build mills, erect packing houses or factories, open up mines or sell goods without exploiting the country, that is, without making a profit out of it?

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